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American Tobacco Seems Winner in Gallaher Bid

London, England — American Tobacco Company's bid to acquire control of Gallaher Ltd., Britain's second largest cigarette and cigar manufacturer, seems to be headed for a successful conclusion. (International News, August 15, 1968, Vend.) The major opponent in the drive, Philip Morris, Inc., announced that it will make no further offers to acquire Gallaher. The British Board of Trade has cleared the proposed bid for control and said that it had no current plans to refer the proposed acquisition to the Monopolies Commission, thereby indicating its opinion that the move is not in violation of the British Monopolies and Mergers Act.

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American has proceeded with the sale of $50 million in convertible debentures to finance part of its expenses in connection with the tender offer valued by some at $115 million. The debentures reached the market at a price of 100 with a yield of 5.75 per cent through Morgan & Cie. The 20 year securities are guaranteed by American Tobacco Company and are convertible on the basis of $36 of face value for one share of American.

One stockbroker acting for American in their open market bid for Gallaher shares on the London Stock Exchange was cited by the London Stock Exchange Council for practices that contravened Britain's Voluntary Merger and Acquisition Code. The Council indicated, however, that there was no evidence that the brokerage company, Cazenove & Co., did not act in good faith. There has been considerable criticism within the English financial community of the open-market operations because it favors the sophisticated investor and penalizes the small security owner, the critics claim.

The July issue of *Tobacco*, a British trade journal, carried a report giving Gallaher's share of the British cigarette market at 23.5 per cent.

The Retail Tobacconist

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TOBACCO TRENDS

CANDY SALES UP: Sales of confectionery and competitive chocolate products in July 1968, at an estimated $92,283,000, were 7.6 per cent above sales for the same month in 1967. However, sales in June 1968, at $101,263,000, were 9.5 per cent below sales of that month in 1967, according to **Current Industrial Reports**, issued by the **Census Bureau of the Commerce Department.**

TOBACCO COMPANIES HEAVY ADVERTISING SPENDERS: Six major tobacco companies were among the 125 leading national advertisers which invested a total of $4.54 billion in advertising in 1967, according to **Advertising Age's** annual compilation of ad expenditures. **R. J. Reynolds** headed the tobacco company advertisers (4.2% of sales). The second largest tobacco advertiser was **American Tobacco Co.** (5.2% of sales). Other tobacco companies on the top 125 list were **Philip Morris Inc.** (5.5% of sales); **Brown & Williamson Tobacco Corp.** (6.7% of sales); **P. Lorillard Co.** (7.9% of sales); and **Liggett & Myers Tobacco Co.** (6.9% of sales). The combined investment for the six tobacco companies in 1967 was $339,740,000.

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Source: https://www.industrydocuments.ucsf.edu/docs/hsjk0000